

IN THE UNITED STATES DISTRICT COURT  
FOR THE EASTERN DISTRICT OF PENNSYLVANIA

|                              |   |              |
|------------------------------|---|--------------|
| ALBERT BEATTY, individually, | : | CIVIL ACTION |
| and on behalf of others      | : |              |
| similarly situated           | : |              |
|                              | : |              |
|                              | : |              |
| v.                           | : |              |
|                              | : |              |
| BRIDGESTONE/FIRESTONE INC.   | : |              |
| and FORD MOTOR COMPANY       | : | NO. 00-4949  |

M E M O R A N D U M

WALDMAN, J.

October 19, 2000

Plaintiff filed this class action complaint in the Philadelphia Court of Common Pleas against defendants Bridgestone-Firestone Inc. ("Firestone") and Ford Motor Company ("Ford") on behalf of himself and all persons who own or lease a motor vehicle with Firestone ATX, ATX II and Wilderness AT tires or anyone who incurred costs by having to replace these tires. Plaintiff asserts various state common law and statutory claims based on the defendants' alleged negligence and fraud in the marketing of the defective tires and the vehicles which they accompanied.

This is one of numerous state and federal class actions instituted since Firestone began a recall of its ATX, ATX II and Wilderness AT tires due to an apparent defect that caused the treads of the tires to peel off their casing, particularly in warmer climates. These tires were issued as a standard accessory by Ford in certain of its cars, including the Ford Explorer.

Firestone is currently collaborating with officials at the National Highway Traffic Safety Administration ("NHTSA") to coordinate the recall of the ATX, ATX II and Wilderness AT tires.

Plaintiff asserts claims against defendants for strict liability, negligence, intentional and negligent misrepresentation, violation of the Pennsylvania Unfair Trade Practices and Consumer Protection Law ("UTPCPL"), and breach of express and implied warranties.

Plaintiff seeks compensatory damages for the cost of replacing the defective tires, as well as punitive damages and attorney fees under the UTPCPL.<sup>1</sup> Plaintiff also seeks an injunction against future sales of these model tires. Plaintiff expressly excludes from the class all claims for personal injuries.

Defendants removed this case to this court predicated on original diversity and federal question jurisdiction. Presently before the court is plaintiff's Motion to Remand. Also, of course, federal courts have an obligation to satisfy themselves of their subject-matter jurisdiction and to decide the issue sua sponte. See Wisconsin Dept. Of Corrections v. Schacht, 118 S. Ct. 2047, 2054 (1998); Meritcare, Inc. v. St. Paul Mercury

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<sup>1</sup>The UTPCPL authorizes an award of up to three times the actual damages sustained and such additional relief as the court deems proper. Such additional relief has been held to encompass reasonable attorney fees. See Hines v. Chrysler Corp., 971 F. Supp. 212 (E.D. Pa. 1997).

Ins. Co., 166 F.3d 214, 217 (3d Cir. 1999); Liberty Mutual Ins. Co. v. Ward Trucking Co., 48 F.3d 742, 750 (3d Cir. 1995); Wisconsin Knife Works v. National Metal Crafters, 781 F.2d 1280, 1282 (7th Cir. 1986).

#### Diversity Jurisdiction

To establish diversity jurisdiction, there must be complete diversity of citizenship between the respective parties and the amount in controversy must exceed \$75,000, exclusive of interest and costs. See Russ v. State Farm Mut. Auto. Ins. Co., 961 F. Supp. 808, 810 (E.D. Pa. 1997); Neff v. General Motors Corp., 163 F.R.D. 478, 480 (E.D. Pa. 1995). The removal statute is strictly construed to honor the congressional intent to restrict diversity litigation in the federal courts. See Meritcare Inc. v. St. Paul Mercury Ins. Co., 166 F.3d 214, 217 (3d Cir. 1999); Packard v. Provident Nat'l Bank, 994 F.2d 1039, 1044-45 (3d Cir. 1993). All doubts as to the existence of federal jurisdiction must be resolved in favor of remand. Id. at 1045; Neff, 163 F.R.D. at 481; Johnson v. Costco Wholesale, 1999 WL 740690, \*1 (E.D. Pa. Sept. 22, 1999).

It appears that the parties are of diverse citizenship. If the claims of the named plaintiffs do not satisfy the amount in controversy requirement, however, the court lacks subject matter jurisdiction over a putative class action. See Sanderson, Thompson, Ratledge & Simny v. AWACS, Inc., 958 F. Supp. 947, 961-

62 & n.6 (D. Del. 1997).

In calculating the amount in controversy, the separate claims of each class member cannot be aggregated to meet the jurisdictional amount. See Zahn v. Int'l Paper Co., 414 U.S. 291, 301 (1973); Meritcare, 166 F.3d at 218; Packard, 994 F.2d at 1045; Pierson v. Source Perrier, S.A., 848 F. Supp. 1186, 1188 (E.D. Pa. 1994).<sup>2</sup> In determining the amount in controversy, attorney's fees and punitive damages must be distributed pro rata to all class members. See Johnson v. Gerber Prods. Co., 949 F. Supp. 327, 329-30 (E.D. Pa. 1996)(attorneys' fees may not be aggregated); Pierson, 848 F. Supp. at 1189 (punitive damages may not be aggregated); McNamara v. Philip Morris Cos., Inc., 1999 WL 554592, \*2 (E.D. Pa. July 7, 1999)(attorneys' fees must be apportioned pro rata); Floyd v. Liberty Mutual Fire Ins., 1996 WL 102322, \*2 (E.D. Pa. March 5, 1996)(neither attorneys' fees nor punitive damages may be aggregated to satisfy jurisdictional amount).

The amount in controversy is determined from the complaint itself. See Angus v. Shiley, Inc., 989 F.2d 142, 145-46 (3d Cir. 1993). The amount in controversy in an unliquidated claim is measured by a reasonable reading of the

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<sup>2</sup>Putative class actions, prior to certification, are treated as class actions for jurisdictional purposes. See Packard, 994 F.2d at 1043 n.2; Garcia v. General Motors Corp., 910 F. Supp. 160, 163-64 (D.N.J. 1995).

value of the rights being litigated. Id. at 146.<sup>3</sup>

Presumably realizing that plaintiff's other claims cannot satisfy the amount in controversy requirement, defendants only assert that plaintiff's UTPCPL claim exceeds the jurisdictional minimum. Defendants suggest in support of their removal petition that one must start at \$25,000, the value of each vehicle, then treble that amount to \$75,000 and then add more for further punitive damages and attorney fees.<sup>4</sup> Defendants' arithmetic is dubious and certainly does not reflect a reasonable reading of the value of the claims at issue.

In arguing that the purchase price of a vehicle should be the baseline for determining the amount in controversy in a UTPCPL case involving a motor vehicle, defendants rely on Werwinski v. Ford Motor Co., Inc., 2000 WL 375260 (E.D. Pa. April 11, 2000). All of the cases relied upon by the court in that case, however, also had Lemon Law claims. Moreover, Werwinski and the cases cited therein involved claims that the vehicles

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<sup>3</sup>Courts have variously applied a preponderance of the evidence standard and a legal certainty or reasonable probability standard in assessing whether the requisite amount in controversy exists in a removed case. See International Fleet Auto Sales, Inc. v. National Auto Credit, 1999 WL 95258, \*4 n.7 (E.D. Pa. Feb. 22, 1999). The resolution of plaintiff's motion would be the same under each standard.

<sup>4</sup>The court assumes for purposes of this motion only that a plaintiff whose damages have been trebled under the UTPCPL may receive further punitive damages as part of "additional relief" deemed proper.

themselves were inherently defective. In the instant case, plaintiffs seek damages related to the cost of replacing the defective tires. This is quite distinct from cases where defective engines or transmissions render the entire vehicle defective and unusable. A vehicle with defective windshield wipers is rendered too dangerous to operate on days with rain or snow. Yet, surely damages would be based on the cost of wipers and not the cost of the vehicle. Even in Neff where the plaintiff alleged a defective brake system, the court looked to the replacement cost of \$4,000 in assessing the amount in controversy.

Defendants have not refuted the assertion by plaintiffs in parallel cases that the cost of the tires at issue is no more than \$800 per set. Even assuming that it is \$1,000 and that this would be trebled to \$3,000, plaintiff and each class member would have to receive additional incidental and punitive damages and prorated attorney fees in an amount exceeding \$72,000 to satisfy the jurisdictional amount. The prospect of such an outcome is beyond remote. See, e.g., Meritcare, 166 F.3d at 222-223 (where claim for punitive damages comprises bulk of amount in controversy it should receive particularly close scrutiny); McFadden, 1999 WL 715162, at \*4 (remanding case where majority of damages would have been punitive); Neff, 163 F.R.D. at 482-3 (applying rule regarding extravagant punitive damage claims to

claims for attorney fees).

Defendants also contend that the cost of their compliance with the injunctive relief plaintiff seeks should be considered part of the amount in controversy. That proposition has been rejected in this circuit. See Packard, 994 F.2d at 1050 ("[i]n a diversity-based class action seeking primarily money damages, allowing the amount in controversy to be measured by the defendant's cost would eviscerate [the rule] that claims of class members may not be aggregated in order to meet the jurisdictional threshold"); Pierson, 848 F. Supp. at 1189 ("the longstanding rule in this circuit is that, for purposes of determining the amount in controversy, the value of equitable relief must be determined from the viewpoint of the plaintiff rather than the defendant").<sup>5</sup>

Under any appropriate standard, defendants have failed to show that the amount in controversy in this case even approaches the jurisdictional threshold.

#### Federal Question Jurisdiction

Defendants maintain that this court has jurisdiction over plaintiff's claims based upon the doctrine of preemption.

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<sup>5</sup>It is also quite unlikely that anyone aggrieved by the purchase of the model tires in question would again purchase those tires or a vehicle equipped with them without first requiring a substitution. There also is no allegation that either defendant is selling or is reasonably likely to sell the model tires in question in the wake of the recall.

They contend that the National Traffic and Motor Vehicle Safety Act ("MVSA") together with NHSTA regulations preempt plaintiff's state law claims because plaintiff's claims may interfere with the NHSTA-supervised recall.

The general rule for determining the existence of federal question jurisdiction is whether or not a federal question is presented on the face of plaintiff's well-pleaded complaint. See Caterpillar, Inc. v. Williams, 482 U.S. 386, 392 (1987). A case may not be removed to federal court on the ground that the complaint gives rise to a defense under federal law. See id. There is a corollary to the well-pleaded complaint rule. It is the complete preemption doctrine. See Metropolitan Life Insurance Co. v. Taylor, 481 U.S. 58 (1987). The doctrine is applicable when Congress "so completely pre-empt[s]" an area of law such "that any civil complaint raising this select group of claims is necessarily federal in character." Id. at 63-64. In the absence of clear evidence of an actual conflict between the state law at issue and federal legislative policy or Congressional intent to preempt an entire field, a formal statement of agency preemptive intent must exist before complete preemption can be invoked. See Geier v. American Honda Motor Co., Inc., 120 S. Ct. 1913, 1927 (2000); Pokorny v. Ford Motor Co., 902 F.2d 1116, 1119, 1122-23 (3d Cir. 1990).



Plaintiff's complaint clearly presents no federal question on its face and defendants do not argue otherwise. Defendants do not cite to any express statement of legislative preemptive intent in this area. The crux of their argument is that the plaintiff's claims may frustrate the ongoing NHTSA supervised recall.<sup>6</sup> Compensating plaintiffs for breach of warranty or misrepresentation would not disrupt or undermine the NHTSA supervised recall. That relief in the civil action may, as defendants posit, encompass more tires or be more extensive than the current voluntary recall does not constitute a conflict. Neither the MVSA nor any NHTSA regulation expressly or impliedly preempts plaintiff's state law claims.

Consistent with the foregoing, the court concludes that there is no original subject matter or removal jurisdiction. Accordingly, plaintiff's motion will be granted and this case will be remanded to the state court. An appropriate order will be entered.

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<sup>6</sup>Insofar as defendants argue that state suits may frustrate the recall, the same would be true of federal court litigation.

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O R D E R

AND NOW, this                      day of October, 2000, consistent with the accompanying memorandum, **IT IS HEREBY ORDERED** that plaintiffs' Motion to Remand is **GRANTED** and, pursuant to 28 U.S.C. § 1447(c), the above action is **REMANDED** forthwith to the Court of Common Pleas of Philadelphia.

BY THE COURT:

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JAY C. WALDMAN, J.